

Message Text

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SUBJECT: EC COUNCIL OF AGRICULTURAL MINISTERS MEETING - DECEMBER
20-21, 1977

REF: A)EC BRUSSELS 12570 B)TOFAS 349 C) 75 EC A 382

1.SUMMARY: ON THE FIRST DAY OF THE COUNCIL MEETING A NEW LEVY
REGIME FOR BEEF IMPORTS WAS APPROVED (REF.A).HOWEVER,THE COUNCIL
ONCE AGAIN FAILED TO REACH AGREEMENT ON THE COMMISSION'S DAIRY
REFORM PACKAGE.
THIS FAILURE RESULTED ESSENTIALLY FROM THE SPLIT BETWEEN THE
MEMBER STATES OVER THE INCLUSION OF THE FATS AND OILS TAX IN
THE PACKAGE.AN 8 PERCENT DEVALUATION OF THE IRISH GREEN POUNDS
WAS APPROVED,AS WAS A NUMBER OF DIRECTIVES IN THE VETERINARY SECTOR.
THE COUNCIL ASKED THE COMMISSION TO PROPOSE A BAN ON THE GRANTING
OF NATIONAL AIDS FAVORING THE PRODUCTION OF HIGH FRUCTOSE CORN
SYRUP; IN THE MEANTIME,THE MEMBER
STATES AGREED TO ABSTAIN FROM GRANTING SUCH AIDS.END SUMMARY.

2.BEEF: IN ADDITION TO APPROVING A NEW LEVY REGIME FOR BEEF
IMPORTS AND 1977 IMPORT QUOTAS ON FROZEN BONELESS BEEF AND BEEF
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FOR PROCESSING (REPORTED REF A),THE COUNCIL ALSO REACHED AGREEMENT
ON THE MAIN OUTLINES OF THE EC REGIME COVERING THE IMPORT (WITH
REDUCED LEVIES)OF CATTLE FOR FATTENING.FOR THE FOLLOWING CATEGORIES
OF MALE CATTLE, 300 KGS OR LESS IN WEIGHT,A QUOTA AND
RATE OF LEVY SUSPENSION WILL BE FIXED EACH QUARTER A)LESS THAN
80 KGS., B) 80 TO

219KGS.,C) 220 TO 300 KGS.THE COUNCIL ANNOUNCED ITS INTENTION TO PERMIT IMPORTATION OF 50,000 HEAD OF FATTENING CATTLE - AT 55 PERCENT OF THE FULL LEVY- FOR THE JANUARY 1ST - MARCH 31ST, 1977 PERIOD.

THEY ALSO AGREED ON A OVERALL QUOTA OF 150,000 HEAD OF FATTENING CATTLE FOR THE APRIL 1ST - DECEMBER 31ST, 1977 PERIOD AT REDUCED LEVIES.THE COMMISSION INDICATES THAT A LEVY SUSPENSION OF 50 PERCENT WILL PROBABLY BE APPLIED IN THE FUTURE.THUS,THE COUNCIL ENVISAGES THE ANNUAL IMPORTATION OF 200,000 HEAD OF FATTENING CATTLE UNDER SPECIAL CONDITIONS.THESE QUOTAS HAVE BEEN GRANTED AT THE REQUEST OF THE ITALIANS,WHOSE BEEF INDUSTRY IS LARGELY DEPENDENT ON IMPORT OF LIVE CATTLE.CATTLE IMPORT QUOTAS IN EFFECT IN 1976 WERE REPORTED REF.B.

3.THE COUNCIL ALSO AGREED TO ADOPT RULES BRINGING PURE-BRED BREEDING CATTLE WITHIN THE SCOPE OF THE BEEF CAP BY APRIL 1, 1977.

4.DAIRY: THE COUNCIL'S DISCUSSION OF THE DAIRY REFORM PACKAGE QUICKLY REACHED IN IMPASSE.FOUR MEMBER STATES (U.K.,GERMANY, DENMARK AND THE NETHERLANDS)WERE STRONGLY OPPOSED TO THE PROPOSED FATS AND OILS TAX.THE OTHER FIVE MEMBER STATES TOOK THE POSITION,WITH VARYING DEGREESOF FORCEFULNESS,THAT THE OIL TAX WAS AN INDISPENSIBLE PART OF THE PACKAGE AND REFUSED TO CONSIDER OTHER PARTS OF THE PACKAGE UNLESS IT WERE INCLUDEDTHUS,A COMPROMISE PACKAGE INTRODUCED BY COUNCIL PRESIDENT VAN DER STEE,WHICH RETAINED MOST OF THE COMMISSON'SPROPOSALS BUT POSTPONED CONSIDERATION OF THE FATS AND OILS TAX AND CALLED FOR STANDSTILL ON NATIONAL REGULATIONS GOVERNING THE EXCLUSIVE USE OF MILK FATS AND PROTEINS UNCLASSIFIED

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IN DAIRY PRODUCTS,ALSO PROVED UNACCEPTABLE.THE FRENCH WERE APPARENTLY THE MOST VEHEMENT IN INSISTING ONTHE LINK BETWEEN THE OLS TAX AND THE REST OF THE DAIRY PACKAGE.IN PREVIOUS MEETINGS THE FRENCH HAVE TAKEN A RATHER LOW-KEY APPROACH TO THIS MATTER AND HAD NOT STRONGLY SUPPORTED THE OILS TAX.IT WAS SUGGESTED THAT THE HARDENING OF THEIR POSITION REFLECTED THE STRONG POLITICAL PRESSURE BEING PUT ON GISCARD D'ESTAING BY CHIRAC -IT WAS NOT CONSIDERED OPPORTUNE TO SHOW ANY WEAKNESS IN DEFENSE OF FARMING INTERESTS.THE FRENCH ALSO ATTEMPTED TO DRAG THE QUESTION OF UK MONETARY COMPENSATORY AMOUNTS (MCA'S)INTO THE DISCUSSION OF THE DAIRY PACKAGE. IN FACT,IN A PRESS CONFERENCE GIVEN THE MORNING AFTER THE COUNCIL LARDINOIS ATTRIBUTED FAILURE TO REACH AGREEMENT TO THE CONNECTION MADE BETWEEN MCA'S AND THE DAIRY PACKAGE.

5.THE FAILURE OF THE COUNCIL TO TAKE ACTION ON THE DAIRY PACKAGE

AT THIS MEETING - THE LAST BEFORE A NEW COMMISSIONER FOR AGRICULTURE ASSUMES OFFICE AND THE LAST PRESIDED OVER BY DUTCH

MINISTER VAN DER STEE -VIRTUALLY ENSURES THAT NO DECISION ON THE PACKAGE WILL BE TAKEN UNTIL AGREEMENT IS REACHED ON 1977/78 FARM PRICES.IT IS ALSO POSSIBLE THAT THE NEW COMMISSION MAY WISH TO REPLACE THE EXISTING PACKAGE WITH NEW PROPOSALS OF TIS OWN.

6.HIGH FRUCTOSE CORN SYRUP: THE COUNCIL HAS INVITED THE COMMISSION TO SUBMIT PROPOSALS WHICH WOULD BAN THE GRANTING OF NATIONAL AIDS FAVORING THE PRODUCTIN OF HIGH FRUCTOSE CORN SYRUP.UNTIL FEBRUARYJ 1ST 1977,THE MEMBER STATES AGREED TO ABSTAIN FROM TAKING ANY NATIONAL ACTIONS WHICH MIGHT FAVOR THE PRODUCTION OF THIS PRODUCT. THE COUNCIL DISCUSSION OF THIS ISSUE WAS SPARKED BY A COMPLAINT BY THE BELGIANS THAT GARGILL HAD BEEN SEEKING AIDS(OF THE SORT GRANTED FOR REGONAL DEVELOPMENT)FOR THE CONSTRUCTION OF A HIGH FRUCTOSE PLANT.THE BELGIANS HAD REFUSED THIS REQUEST AND WERE CONCERNED THAT OTHER MEMBER STATES MIGHT GRANT SUCH TREATMENT.

7.GREEN POUND:THE IRISH GREEN POUND WILL BE DEVALUED 8 PERCENT, EFFECTIVE JANUARY 17, 1977,(FROM 1.56778 U.A. PER POUND TO UNCLASSIFIED

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1,44212.)THIS ACTION WILL RESULT IN AN ALMOST 9 PERCENT INCREASE IN IRISH FARM PRICES,A 10 PERCENT DECREASE IN THE MCA'S APPLIED ON IRISH FARM TRADE,AND A LOSS TO FEOGA OF ABOUT 60 MILLION U.A.(SINCE MCAS ARE COLLECTED AS TAXES ON IRISH FARM EXPORTS).

8. VETERINARY HARMONIZATION: THE COUNCIL TOOK THE FOLLOWING DECISIONS IN THIS SECTOR:

A)AGREEMENT WAS REACHED ON THE FINANCING OF CERTAIN EMERGENCY VETERINARY ACTIONS.THIS DECISION ENSURES " COMMUNITY SOLIDARITY" IN THE FINANCING OF MEASURES TO COMBAT A NUMBER OF IMPORTANT ANIMAL DISEASES (E.G.AFRICAN SWINE FEVER);

B) A DIRECTIVE WAS ISSUED FURTHERING THE EXTENSION OF COMMUNITY VETERINARY RULES TO THE THREE NEW MEMBER STATES.THE COUNCIL NOW ANTICIPATES THAT COMMUNITY RULES GOVERNING TRADE IN FRESH MEATS WILL APPLY FULLY TO THE UK AND DENMARK BY JANUARY 1, 1978,WHILE RULES GOVERNING TRADE IN LIVE ANIMALS WILL BE PARTIALLY APPLIED. HOWEVER,CERTAIN DEROGATIONS WILLAPPLY TO IRELAND UNTIL THE END OF 1982.

C)THE COUNCIL ALSO ISSUED A DIRECTIVE CONCERNING INTRA-COMMUNITY TRADE IN MEAT-BASEDPRODUCTS,ESTABLISHING MINIMUM COMMON STANDARDS FOR THESE PRODUCTS.THIS DIRECTIVE COMPLETES THE SERIES OF COMMUNITY REGULATIONS GOVERNING INTRA-COMMUNITY EXCHANGE OF LIVE ANIMALS AND FRESH MEAT (INCLUDING POULTRY MEAT): EC INITIATIVES IN THIS FIELD BEGAN IN 1964.

9.STRUCTURAL MEASURES: THE COUNCIL ALSO APPROVED,IN PRINCIPLE, THE COMMISSION'S PROPOSAL FOR THE ESTABLISHMENT OF AN EC PROGRAM FOR THE IMPROVEMENT OF THE PROCESSING AND MARKETING OF AGRICULTURAL PRODUCTS.THIS PROPOSAL,WHICH WAS INTRODUCED IN SEPTEMBER 1975 (REF.C),WOULD PROVIDE 400 MILLION UNITS OF ACCOUNT FOR PROJECTS

AIMED AT IMPROVING THE PROCESSING AND MARKETING OF AGRICULTURAL PRODUCTS WITHIN THE CONTEXT OF BROAD,ULTIANNUAL PROGRAMS TO BE DRAWN UP FOR VARIOUS SEGMENTS OF THE FOOD INDUSTRY.THIS AMOUNT WOULD BE DISPOSED OF OVER A 5 YEAR PERIOD,(1978-82)REPORTEDLY THE ONLY SIGNIFICANT ALTERATION OF THE COMMISSION'S PROPOSAL BY THE COUNCIL CONCERNS THE FINANCIAL ARRANGEMENTS FOR THIS PROGRAM.
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WHEREAS PREVIOUSLY EC AID WAS NOT TO EXCEED 25 PERCENT AND A MEMBER STATE CONTRIBUTION OF AT LEAST 40 PERCENT WAS REQUIRED,EC AID WILL NOW FALL WITHIN A RANGE OF 12.5 - 20 PERCENT (WITH 30 PERCENT FOR CERTAIN DISADVANTAGED AREAS)WHILE MEMBER STATE AID WILL RANGE FROM ONLY 5 TO 8 PERCENT.THE REMAINDER OF THE FUNDING WOULD COME FROM THE PRIVATE COMPANY OR COOPERATIVE INVOLVED IN THE PROJECTS A FORMAL DECISON ON THIS MEASURE IS EXPECTED AT THE NEXT AGRICULTURAL COUNCIL MEETING.
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